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Demand for farm products and other commodities continues to strengthen.

Increasing demand is showing up in rising prices for most commodities. The index of prices received by farmers in mid-December climbed 4 percent above the previous month. This brought the total increase since mid-June, just before the Korean war broke out, to 16 percent.

Sharpest gain from mid-November to mid-December was scored by eggs which rose 12.1 cents per dozen. However, egg prices at important terminal markets slumped after mid-December. Other commodities making sizeable increases were wheat, corn, soybeans, flaxseed, cottonseed and wool. Cotton, grapefruit, hogs and chickens declined.

Farmers' costs also are rising. The index of prices paid by farmers including interest, taxes and wage rates gained 1 percent from mid-November to mid-December and was 4 percent above June.

During 1950, the index of prices received by farmers rose from 235 in January to 286 in December. The average of 256, however, was only 3 percent above 1949. The index of prices paid by farmers rose more slowly, advancing from 248 to 265 and averaged 2 percent higher than in 1949.

Because of the more rapid gain in prices received, the parity ratio climbed from 94 in January 1950 to 108 in December. But the average for the year was 100, the same as in 1949.

Wholesale prices of industrial commodities generally are moving up. Average for this group of products in late December was 11 percent above pre-Korean level. Chief reasons for advance: expanding demand, rising costs, belief that supplies of many materials for civilian use will be restricted.

The Economic Stabilization Agency has ordered the rollback of new passenger-car prices to December 1 levels and has stabilized wages in the industry until March 1. The Agency also has requested all business and industry to observe voluntary price ceilings which, in most cases, apply to levels of around December 1.

Industrial production and employment are running close to peak levels. Spending for new construction has declined this fall but in November was more than a fourth above a year earlier.

An important factor in the business boom of recent months has been the high level of spending by business men for plant and equipment. In the last half of 1950, these expenditures ran around 12 percent above the same period of 1949 -- about the same as the record of the second half of 1948. They are likely to be the highest in history during 1951, according to a survey of business plans made by the Securities and Exchange Commission and the Department of Commerce. However, tight materials and manpower situation may prevent expansion from being as large as survey indicates.

FARM INCOME Farmers received 25.3 billion dollars from the sale of farm products in the first 11 months of 1950, about 1 percent less than a year earlier. Receipts from livestock and products totaled 14.3 billion, a little more than in 1949. Total crop receipts were down 4 percent from 1949.

LIVESTOCK AND MEAT Farmers' plans on December 1 indicate that the number of sows that will farrow this spring will be 4 percent larger than last spring. Assuming average size litters with allowance for trend, the spring crop would be $63\frac{1}{2}$ million head, 6 percent larger than last spring, and the second largest on record.

The 1950 pig crop totaled 100.7 million head, 5 percent more than in 1949. The fall crop numbered 40,657,000, the third largest on record.

The number of pigs six months old or older on farms on December 1 was estimated to be somewhat larger than a year earlier. With more sows being held for farrowing the spring crop, however, the supply for the market was about the same as last December.

Prices of most classes of meat animals are expected to go up this winter. Slaughter of cattle and hogs has passed the fall seasonal peaks and meat production probably will drop moderately early in 1951. Consumer demand will continue strong.

DAIRY PRODUCTS Consumption of fluid milk has been running a little larger than a year earlier; milk production has been a little lower. As a result, less milk has been available for manufacturing. Recently, butter production has been almost a fifth below a year earlier while cheese production is down about a tenth. On the other hand, output of evaporated milk in October was a fifth above October 1949.

Withdrawals of manufactured dairy products from storage--both private and Government--increased rapidly this fall. By late December, all Government stocks of cheese had been sold and unsold holdings of butter were negligible.

Since consumer incomes are expected to continue to rise and milk production in 1951 is not likely to exceed that of 1950, the supply of milk for manufacturing will continue smaller than in recent months.

POULTRY AND EGGS Storage stocks of shell eggs were practically gone by early November. With farm production in November declining below October, egg prices advanced. The average for mid-December was 12.1 cents per dozen above a month earlier. Prices in important terminal markets broke sharply after mid-December.

FATS AND OILS From September through November, 12 percent less soybeans arrived at primary grain markets than a year earlier, even though the crop was much larger than in 1949. This contributed to the sharp rise in prices in November. However, marketings later in the season will be heavier than usual. This will tend to limit further price advances.

FEEDS Feed grain prices advanced during the last month. Corn and sorghum grain prices were near support levels in mid-December and are expected to rise above them later in the feeding season. Oats and barley have been above supports in recent months.

WHEAT Indications on December 1 are that the third largest winter wheat crop on record may be harvested next summer. Acreage seeded to the crop last fall amounted to 56,103,000, 6 percent more than in the fall of 1949 and 17 percent more than the 1939-48 average.

FRUITS The new orange crop is up slightly from 1949-50 while the grapefruit crop is expected to be a third larger. Prices for grapefruit in early 1950 are expected to average considerably lower than a year earlier; orange prices probably will be slightly lower.

Above average stocks indicate that apple prices this winter may rise only slightly. Pear stocks were below average but prices have been relatively high this fall and only small changes in prices are expected this winter.

VEGETABLES Early estimates indicate that total tonnage of winter fresh vegetable crops will be down 9 percent from last winter but 12 percent above average. As a result, prices of several items will be moderately higher than last year. Demand for vegetables for canning or freezing will be considerably stronger in 1951 than this year. Civilian demand will be strong and military requirements are expanding.

Potato prices are likely to average below 60 percent of parity this season despite heavy Government price support purchases. Yield of potatoes this year was 22 bushels per acre higher than the previous peak of 216 bushels in 1948. And production exceeds last year despite a 3 percent reduction in harvested acreage.

By mid-December, the Government had purchased 31 million bushels of potatoes, more than twice as many as had been purchased by the same date last year.

COTTON AND WOOL After reaching a peak of 43.93 cents on November 22, cotton prices in the 10 spot markets declined slightly averaging 43.20 cents by the end of December.

Staple length of that part of this year's crop ginned through November 30 was longer than for any other similar period on record.

Wool prices received by farmers set a new record of 79.8 cents per pound in mid-December. World demand continues strong and prices in all foreign markets have advanced since mid-November.

TOBACCO More than half of the 1950 burley crop had been sold by December. Prices averaged 48.2 cents compared with 46.4 cents for the same part of last season.

